



**CITY OF RYE, NEW YORK
FINANCE COMMITTEE MINUTES**

May 2, 2005 – 7:30 p.m. – Employees' Lounge, City Hall

Present: Michael Caponiti, Fred Dunn, Norm MacMaster, and Jono Peters; City Council liaison Franklin Chu; City staff liaison Michael Genito.

Absent: David Mullane, George Pratt, and Sal Samperi.

Guests: None

Update on Proposed City Occupancy Tax

Michael Genito reported that he would check with Mayor Otis on the status of the proposed City occupancy tax legislation, which had been sent to the State Legislature too late for consideration in 2004, and was to be re-introduced for the 2005 legislative session.

Update on Proposed Real Estate Transfer Tax

Michael Genito referred to his memo of April 22, 2005 suggesting language that would establish a real estate transfer tax rate of 50 cents per \$500 (0.1%). He also recommended that his memo be amended to indicate that the proceeds of this tax be used for capital items defined in the Local Finance Law as having a period of probable usefulness of at least 15 years, rather than the 20 years recommended in his memo. He noted that this would allow for certain major capital assets such as road resurfacing and traffic signals. Michael also recommended that a sunset provision be included in the proposed legislation to ease passage by the State Legislature. In his memo of February 17, 2005, the Corporation Counsel advised that it would be easy to develop the proposed legislation when the City Council determines the appropriate rate and use of the tax proceeds.

Those present agreed unanimously that the *structure* of the legislation as proposed in the April 22, 2005 memo was sound and appropriate, but two members opposed the *concept* of a real estate transfer tax as 1) a "stealth tax", 2) effectively and inappropriately reducing the public's participation and consent by removing at least a portion of the capital asset funding process from the annual budget process, 3) creating the possibility that the tax proceeds will inappropriately be used to supplant, rather than enhance, annual funding for capital assets, and 4) an additional burden for those property owners who upgrade their living arrangements by selling one home in Rye to purchase another of greater value. The members opposed to the concept noted that they would also oppose the structure if the rate were higher than 0.5%.

After further discussion it was decided that Michael Genito would circulate comments among the Committee members, and the Committee could either make a decision via email, or defer the issue until the Committee meeting of June 6th for further discussion and consideration.

Developing a Popular Budget Report

Michael Caponiti reported that due to scheduling conflicts, the Popular Budget Report sub-committee (David Mullane, Michael Caponiti, and Norm MacMaster) could not meet to further develop concepts and issues. After some discussion, Norm and Michael stated that they would have a report for the June 6th Committee meeting.

Financial Trends Report

No discussion was held on the Financial Trends Report, but in the March meeting the Committee agreed to review and consider changes to the Financial Trends Report at a future Committee meeting. The 2003 Financial Trends Report is available on the City's website <http://www.ryeny.gov/finance/Reports/finrpts.htm>. A discussion on this issue will be on the June 6th meeting agenda.

Future Finance Committee Agenda Items

The following items will be included in 2005 Finance Committee agendas:

- ❖ Development of a policy on the use of variable rate debt.
- ❖ Philosophical discussion as to when debt should be issued.
- ❖ Recommendation of a change in New York State law to increase the maximum maturity of bond anticipation notes from five years to the probable period of usefulness ("PPU") of the underlying assets.
- ❖ Discussion regarding annual budget calendar.

Next Finance Committee Meeting

The next regular meeting of the Finance Committee is scheduled for Monday, June 6, 2005 at 7:30 p.m. in the Employees' Lounge of City Hall.

Adjournment

Having no further business, the meeting adjourned at 9:20 p.m.

Respectfully submitted,

Michael A. Genito